

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, DC 20554**

In the Matter of	)	
	)	
	)	
Requirements for Digital Television	)	ET Docket No. 05-24
Receiving Capability	)	
	)	

**COMMENTS OF THE  
CONSUMER ELECTRONICS ASSOCIATION AND  
CONSUMER ELECTRONICS RETAILERS COALITION**

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## SUMMARY

CEA and CERC believe that a compression of the time periods for including digital television tuners in sets with screen sizes of 13 to 24 inches, as set out in the Digital Tuner Order would be at variance with, and ultimately undermine, the policies established by the Commission in 2002, and affirmed in a *Report & Order* as recently as June of this year. Such a change at the present critical juncture would further neither the goals of the Commission's mandate nor the goals of furthering the DTV Transition. Such a step also would impose a significant and particular burden on the economic stratum of consumers who are least prepared to bear it.

After careful consideration, CEA and CERC conclude that there is insufficient basis for the Commission to depart from the existing July 1, 2007 date pertaining to TV receivers with screen sizes of 13 to 24 inches. This date has been relied upon in the product and resource planning of manufacturers and in the merchandising and marketing plans of retailers. Moreover, a change in this date to a date any earlier than March 1, 2007, would be not only unwarranted; it would be infeasible for the general population of TV receiver manufacturers, who require a minimum of 18 to 24 months to plan, develop, and deploy new equipment.

With respect to new receivers with screen sizes less than 13 inches, CEA and CERC believe that experience is necessary with the small chassis products that currently *are* subject to the Commission's tuner requirements before the feasibility can be determined regarding the inclusion of digital tuners in some of these products, which may be radically smaller and less expensive. At present, it appears that the cost and development burdens on manufacturers, and the impact on consumers, would outweigh any possible benefits.

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The Consumer Electronics Association (“CEA”) and the Consumer Electronics Retailers Coalition (“CERC”) respectfully file these Comments as invited in the Commission’s Further Notice of Proposed Rulemaking (“FNPRM”) in the above-captioned proceeding.<sup>1</sup>

CEA is the principal U.S. trade association of the consumer electronics and information technologies industries. Its members design, manufacture, distribute and sell a wide range of consumer products including digital and analog television receivers, television monitors, computer television tuner cards, and associated electronics such as DVD recorders and digital video recorders (“DVRs”), video cassette recorders (“VCRs”), direct broadcast satellite radios (“DARS”), satellite television receivers (“DBS”), broadcast AM and FM radios, and similar products. CEA’s more than 2,000 member companies include the world’s leading consumer electronics manufacturers.

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<sup>1</sup> *In the Matter of Requirements for Digital Television Receiving Capability*, Report and Order and Further Notice of Proposed Rulemaking, ET Docket No. 05-24, FCC 05-121 (rel. June 9, 2005) (“R&O and FNPRM”).

CERC is a nonprofit public policy corporation focused on the concerns of consumer electronics retailers and their customers; it has addressed DTV transition and related telecommunications, intellectual property, and competitiveness issues for more than a decade. CERC's corporate specialist and general retail members account for well over a majority of the television receivers sold annually in the United States.

## I. INTRODUCTION

In the FNPRM, the Commission asks whether the schedule it mandated in August, 2002<sup>2</sup> for new television receivers to tune digital, as well as analog, broadcasts should now be compressed, and the final compliance date moved from July 1, 2007, to a date no later than December 31, 2006.<sup>3</sup> It also asks whether the requirement to include a digital television (DTV) tuner in new receivers should be extended to receivers with screen sizes of less than 13 inches.<sup>4</sup>

In the 2002 Digital Tuner Order, the Commission noted that “[T]his [digital tuner] requirement will be *phased in over time* to avoid imposing undue costs on manufacturers or consumers and to minimize any disruption of the TV receiver market.”<sup>5</sup> In their business and product planning, CEA and CERC members have planned for and allocated resources in accordance with this approach. Such resources include financial, facilities, engineering, personnel, and more.

Having given due consideration to the ideas on which the Commission seeks comment, CEA and CERC believe that a compression of the time periods set out in the Digital Tuner Order

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<sup>2</sup> 47 C.F.R. § 15.117(i) (2003); *See Review of the Commission's Rules and Policies Affecting the Conversion to Digital Television*, MM Docket No. 00-39, Second Report and Order and Second Memorandum Opinion and Order, 17 FCC Rcd 15978 (2002) (“Digital Tuner Order”).

<sup>3</sup> *See* R&O and FNPRM, at para. 21.

<sup>4</sup> *Id.* at para. 22.

<sup>5</sup> *Id.* at para. 2 (emphasis added).

would be at variance with, and ultimately undermine, the policies established by the Commission in 2002, and affirmed in a *Report & Order* as recently as June of this year. Such a change at the present critical juncture would further neither the goals of the Commission's mandate nor the goals of the DTV Transition as a whole. Such a step also would impose a significant and particular burden on the economic stratum of consumers who are least prepared to bear it.

CEA and CERC conclude that there is insufficient basis for the Commission to depart from the existing July 1, 2007 date pertaining to TV receivers with screen sizes of 13 to 24 inches. This date has been relied upon in the product and resource planning of manufacturers and in the merchandising and marketing plans of retailers. Moreover, a change in this date to a date any earlier than March 1, 2007, would be not only unwarranted; it would be infeasible for the general population of TV receiver manufacturers.

With respect to new receivers with screen sizes less than 13 inches, CEA and CERC believe that experience is necessary with the small chassis products that currently *are* subject to the Commission's tuner requirements before the feasibility can be determined regarding the inclusion of digital tuners in some of these products, which may be radically smaller and less expensive. At present, it appears that the cost and development burdens on manufacturers, and the impact on consumers, would outweigh any possible benefits.

Existing market forces and the regulatory regime to date have produced over 200 TV receiver models with integrated over-the-air digital tuners. CEA forecasts that 9 million such "integrated" DTVs will be sold this year, 16.7 million in 2006, 27 million in 2007, and 33 million in 2008. By 2009, CEA projects that 97 million products with DTV tuners will have been sold, and estimates that over the air tuners will be found in 86 percent of American homes.

The Commission's approach of phasing in the tuner requirement according to size has, *thus far*, allowed the burden of expensive new features to be borne by those willing to pay the most. Fortunately – as the Commission notes – this has included a substantial segment of the American public. More than 17 million DTV products have been sold since the first HDTV entered the market in the fourth quarter of 1998; Americans have invested \$25 billion in DTV products. CEA's most recent sales figures show that the first four months of 2005 brought the greatest volume of DTV sales ever recorded, with 3 million DTV products accounting for \$4.7 billion of consumer investment and contribution to the robust US economy. This represents a 45 *percent increase* in unit sales from the same time period in 2004.

In these joint comments, CEA and CERC *rely on*, rather than challenge, the original rationale, and the particular prescription, chosen by the FCC to implement its Tuner Mandate. CEA's legal challenge to the original mandate and effort to rationalize the phase-in process was unsuccessful<sup>6</sup> Since then, the consumer electronics industry has devoted enormous financial, engineering, facilities, and human resources to achieve compliance with the Commission's rules, and to achieve the results cited above, according to the very ambitious and challenging phase-in schedule that was mandated in August of 2002. To date, this approach has focused on larger sized sets. This very approach, however, now precludes for the general population of manufacturers, the sort of *sudden acceleration* in mid-size and smaller TVs and other devices, on which the Commission now seeks comment. While it may seem that success in one area can support acceleration in another, this is not the case when *planning and resources have been devoted to the areas that the mandate required to be addressed first*, are still being devoted to those areas. These personnel and physical resources cannot now be readily shifted or duplicated

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<sup>6</sup> *Consumer Elecs. Ass'n v. FCC*, 347 F.3d 291 (D.C. Cir. 2003).

to respond to a change in plan – particularly when it is unlikely that the costs involved could ever be recovered.

**II. MOVING THE MANDATE TO A DATE NO LATER THAN DECEMBER 31, 2006 FOR TELEVISIONS WITH SCREEN SIZES OF 13 TO 24 INCHES WOULD BE AT ODDS WITH THE FINDINGS AND POLICY ANNOUNCED IN THE COMMISSION’S JUNE 9 REPORT & ORDER.**

At the close of its *June 9 Report & Order*, the Commission set out a key factual finding, and a policy, as to why a 100-percent rule could not and should not be moved to any date earlier than one feasible for the “general population” of manufacturers. In the FNPRM that began in the next paragraph, the Commission then sought comment on a string of *assumptions* about why the 100-percent rule pertaining to the next largest category of devices might be moved up to a date “no later than December 31, 2006.” Although seemingly logical, the *assumptions* on which comment is sought do not stand up to scrutiny. CEA and CERC conclude that they are unsupported by, and indeed, contrary to, facts of record. Taken in combination, they lead to incorrect conclusions. The findings and policy laid out in the *June 9 Report & Order* can be read only as *precluding*, rather than suggesting, an acceleration of the remaining date or a broadening of the mandate at this time.

**A. The Commission Found That It “Makes Little Sense” To Mandate A Date That Cannot Be Met By “The General Population Of Manufacturers.”**

In the last paragraph of its *Report & Order*, the Commission explained why – despite its goal to “most effectively ensure” the marketing of receivers with DTV tuning capability – the FCC had concluded that it could *not* move up the 100-percent mandate date for mid-size receivers any further than the March 1, 2006 date suggested by CEA and CERC. The Commission found:

“It makes little sense to require products to be on the market *before the general population of manufacturers can deliver them*. As many commenting parties

observe, if manufacturers were not able to meet our deadline, they might cease production of mid-range sets or switch to monitor products that do not include TV tuners. Such a result would be disruptive to our goal of ensuring that consumers are able to receive DTV signals and could serve to delay the DTV transition.”<sup>7</sup>

We agree with the Commission’s sound judgment and believe that this rationale should apply equally to the categories of devices on which comment is now sought in this FNPRM.

**B. The Assumption That The Smaller Categories Of Products Would Necessarily Benefit From Any Economies Of Scale Achieved In Larger Sizes Is Without Foundation And At Variance With Facts Of Record.**

Based on the experience with larger size receivers, it is incorrect to conclude that the general population of manufacturers could meet dates for smaller sizes earlier than those that were established in the August 2002 Digital Tuner Order. In asking whether such a conclusion could be supported, the Commission lays out facts that are either irrelevant or point *away* from such a conclusion. The chain of possible assumptions on which the Commission requests comment is as follows:

We believe that including DTV tuners in smaller screen and other traditionally low-priced receiver products would not force substantial increases in the price of such products. The majority of all televisions are sets 25” and larger. We believe that the economies of scale needed to support reductions on the incremental price of DTV tuner equipped products will therefore be achieved in the introduction of DTV tuners in these mid-size and large screen products, which will occur more than a year earlier. We therefore believe that the price increases for small screen and other receivers will be more modest. In this regard, we observe that Zoran Corporation has indicated to the Commission in an *ex parte* contact that it has developed a reference board that includes a low-cost DTV receiver. It states that this board could be used to manufacture a set-top box that provides DTV reception at the standard definition display level to allow analog-only receivers to display DTV signals for about \$65. Zoran further states that the DTV tuning capability of this board could be incorporated into a TV receiver with display at this time for about a \$80-100 retail price increase and that this price would decrease dramatically with increasing volume.<sup>8</sup>

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<sup>7</sup> R&O and FNPRM, at para. 20 (emphasis added).

<sup>8</sup> *See id.* at para. 21 (footnote omitted).

The actual, real-world relationships of, and conclusions that are drawn from these facts, however, are very different from the result on which the Commission seeks comment.

**1. Economies of scale should not be assumed to transfer from larger platforms to smaller platforms.**

It is first assumed that because the general population of manufacturers have now succeeded in engineering DTV tuners into large screen (36 inches and above) television receivers, and have begun a “50 percent” period for midsize products, they now have a “leg up” on small format products, so are no longer subject to previously accepted industry standards as to what is feasible or possible. This is at variance with the facts based on several factors that are well supported in the record.

First, it cannot be assumed that a result engineered for a large chassis can be applied on a small chassis, or that any time would be saved in so doing. Achieving a result in the context of a smaller class of chassis that is similar to one achieved in a larger class poses new and separate design, engineering, and manufacturing tasks. The Zoran filing, cited in the FNPRM, actually supports and illustrates this observation: Zoran projects that a standalone product built around its chip could retail for about \$65, whereas, when integrated into the chassis of an existing product, the price increase would be \$80 - \$120. This illustrates that the job of engineering a new function into an existing product chassis may (at least for the first few generations of such a product) cost *more* than achieving this function in a standalone device.<sup>9</sup>

Indeed, the historical fact of the phased-in mandate from 2002 works to make expediting the current work on a smaller chassis more, not less, difficult. The general population of TV receiver manufacturers has been fully engaged in trying to meet the goals and schedule prescribed by the Commission in 2002. In so doing, they have followed the progression, in

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<sup>9</sup> As the Commission notes in footnote 29, Zoran projects further price decreases, but only “*after a few years.*” (emphasis added).

terms of chassis sizes, that the Commission itself set forth in its original Digital Tuner Order. Doing this has not given them any “leg up” on compliance in smaller chassis devices. Nor has it suddenly freed up the design, engineering, and manufacturing personnel, plant, and financing that would have to be assigned to such tasks. Indeed, to the extent that the larger chassis projects still engage the necessary resources – and they do – they have *lengthened* the period that would have been necessary had the smaller chassis products been the only products subject to mandate.

Second, the tuners integrated into large screen sets are not necessarily the same product as those that must be designed for the products that are the subject of this FNPRM. The tuners for the relatively expensive large-screen products are designed to produce HDTV or EDTV outputs (as well as standard definition outputs) from HDTV programs. This also is largely the case for the “midsize” products that will remain on the market as the Tuner Mandate takes effect. This is *not* likely to be the case, however, as to the products addressed in this FNPRM, which in many cases will be exclusively an analog (NTSC) output. Thus, even if the experience on larger size sets were of the sort that could substantially shorten design, engineering, and production cycles for smaller sizes, the experience would be gained on a different set of components. Although the resulting product is less capable and *potentially* cheaper, the fact that the component set is different means that the chassis and the final product must be engineered and produced differently.

**2. The assumptions offered with respect to cost are at variance with the supporting information that is cited.**

The FNPRM cites, as support for the posited assumption that “the price increases for small screen and other receivers will be more modest,” the Zoran estimate that inclusion of its

chip in the design of small chassis receivers should (within the time-frame considered in this FNPRM) raise prices by about \$80 - \$100, However:

- 13-inch color TV receivers sell at retail for \$69 - \$79, which is *less than the increase in their cost projected by Zoran*. A doubling in price on a product largely bought by low income consumers can hardly be considered “more modest” than the 5 to 20 percent increase in the price of the large screen products largely bought by higher income consumers.
- 25 and 27-inch color TV receivers sell for as low as \$189. An increase of up to 53 percent, to \$269 - \$289, also would be quite serious for the consumers who purchase TVs in this price category. Similarly, the increases for VCRs (\$39) and “combo” devices (including DVD recorders) would have to be considered serious rather than modest.
- Many consumers buy TV receiver products in this size category because it is all they can afford. Many buy them on *layaway plans*. Many retail customers of CERC members do not have checking accounts. Based on the record that it cites, the Commission would have to acknowledge that – if these products remain available at all – the consequences for this group of consumers would be serious.
- The Zoran price figures themselves are based on assumptions of *mass orders* for converters in advance of a “hard date,” which in the real world must be projected as occurring no earlier than December 31, 2008 or January 1, 2009.<sup>10</sup>

**3. Even if the cost assumptions were reliable they are not the only factor – engineering and production time and resources also must be available.**

Finally, as is demonstrated above, even if the speculation about cost increases posited in the FNPRM could be supported, this would not mean that the general population of manufacturers would have the design and engineering personnel, and the manufacturing facilities available to comply with a new and arbitrarily imposed product cycle. Indeed, they would not. The fact that – as the Commission acknowledges – the market for covered devices would be endangered by significant price increases, and sometimes by technical challenges of implementation, makes it more challenging for manufacturers to even try to acquire the

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<sup>10</sup> It is unrealistic, and at odds with the discussions occurring in the Congressional committees of jurisdiction, to suppose *either* that under the existing statute there will be an FCC Order to end analog broadcasting by the end of 2006, *or* that the Congress will enact a “hard date” any earlier than December 31, 2008. Regulations that apply to real world products and markets should not be based on acknowledged speculation.

additional personnel and other resources, as *it may seem unlikely that consumers would buy the resulting products at their new prices*. The result, then, may be that products simply would vanish from the market.

**C. The Likely Result Of The Sort Of Advancement In Date On Which Discussion Is Urged Would Be That, Contrary To Commission Policy, Product Models Would Disappear Entirely.**

A compliance date as early as the one posited for discussion would lead to a result that is contrary to the findings and policy announced in the same June 9 document. Accordingly, the Commission will need to consider a greater range of options and outcomes.

**III. THE EARLIEST DATE BY WHICH THE COMMISSION'S FINDINGS AND POLICIES COULD BE COMPLIED WITH IN THE CATEGORY OF TV RECEIVERS 13 INCHES AND ABOVE WOULD BE MARCH 1, 2007.**

Based on the actual facts and circumstances reviewed above, even the July 1, 2007 date for including digital tuners in this class of receivers and other small chassis products is challenging, and the result in the marketplace cannot be assured. As was emphasized at the outset, however, that date is part of the original mandate that for *three years* has shaped the plans of manufacturers and retailers. CEA and CERC are not challenging that date in this proceeding.

Whatever the chances of market success for the July 1, 2007 date, CEA and CERC believe that similar results might be approached with a date of March 1, 2007. This is *not* the case, however, with respect to any earlier date – not the date of December 31, 2006, and not any interim date. The reason lies in the resources and scheduling considerations that we have reviewed above.

While CEA and CERC do not find any compelling basis for the Commission to move the relied upon July 1, 2007 date, our members believe a somewhat earlier date may be feasible *so*

*long as* it is not any earlier than March 1, 2007. This date is consistent with the manufacturing and retail placement cycle for the integration of digital reception capability into 13 to 24 inch sets and other devices having an analog tuner.<sup>11</sup>

**A. Television Manufacturers Need A Minimum Of 18 To 24 Months To Plan, Develop, And Deploy New Equipment.**

As has been noted, the ability of manufacturers to comply with a sudden advancement in the mandated dates has, if anything, been *adversely* affected by business decisions compelled by the earlier phases of the mandate. Under this circumstance, consistent with existing design, engineering, and manufacturing cycles, the earliest feasible change in the mandate would be a move to March 1, 2007.<sup>12</sup> Any earlier move would be likely to bring about consequences that are at odds with the Commissions general findings and policy as recently stated.

The ramifications of shifting the tuner mandate schedule even by one month are profound, as integration of DTV reception and entails a complete re-engineering of the television. Planning for this change takes months and involves a complete engineering effort, including chassis hardware and software modifications to accept the digital tuner, cabinet modifications to accept the new chassis, completely new reliability and safety testing, and regulatory agency approvals. Other important time and production considerations include the fact that manufacturers must set up highly specialized manufacturing lines for each model, in addition to the several months' lag time between designing the circuitry (the TV's "chips") and the delivery of those chips from a custom chip supplier. *These tasks must happen for every model that receives a digital tuner.*

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<sup>11</sup> If definitive action by either the FCC or Congress occurs *any later than* September 1, 2005, then we believe that a March 1, 2007 date may no longer be feasible. Any change to the existing July 1, 2007 date to prior to March 1, 2007 could severely reduce the retail market for these products.

<sup>12</sup> It would be virtually impossible for any manufacturer who has already planned to incorporate digital tuners into products aimed at the 2006 holiday season to change their plans and add them now – even if the costs were relatively low.

Even if manufacturers were able to meet a foreshortened production schedule, a date any earlier than March 2007 could result in a complete inability for many manufacturers to produce products in this category, and cost increases for those that do become available, that the marketplace would be unlikely to sustain. Based on the progression of financial and personnel resources, design and engineering facilities, and manufacturing facilities, any new mandate requiring a result prior to March 2007 will only result in the absence of smaller TVs and other products from the marketplace as they are removed from distribution in advance of the deadline.<sup>13</sup>

**IV. THERE IS INSUFFICIENT EVIDENCE TO SUPPORT THE FEASIBILITY OF EXTENDING DTV TUNER REQUIREMENTS TO RECEIVERS WITH SCREEN SIZES OF LESS THAN 13 INCHES.**

CEA and CERC have seen nothing in the record that contradicts the Commission's observation, in the original Digital Tuner Order, that: "...we understand that including DTV tuners in new TV sets may affect set prices, and that initially it will not be economically practical to include DTV tuners in sets with smaller screens."<sup>14</sup> Indeed, in their concentration on the phased-in approach imposed in 2002, manufacturers generally have neither considered nor assigned scarce resources to the project of including digital tuners in television sets smaller than 13-inches. Products of this size also would rely on chips for digital television that do not yet exist, because costs for research and development outweigh the economic benefits of producing such sets.

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<sup>13</sup> The Commission and the Congress have consistently recognized the 18-month manufacturing cycle when they have imposed requirements on TV set manufacturers. The V-chip and closed captioning regulations are key examples.

<sup>14</sup> Digital Tuner Order, at para. 38.

The cost of adding a digital tuner to these inexpensive sets would be overwhelming compared to the overall cost of the product and would dramatically impact the retail price.<sup>15</sup> In addition, any consideration to include digital tuners raises engineering issues regarding chassis design and new architectural specifications, as discussed above.

The changes in technology and products since 2002 also militate against, rather than in favor of, a new mandate. In 2002, the Commission considered the universe of relevant devices to include only televisions, DVD players, and VCRs. Since that time, technology has made dramatic advances and this universe of television receiving devices extends to an array of mobile and wireless devices. The Commission must consider the impact of such a requirement on a myriad of industries and the concomitant increase in prices on such devices.

As CEA and CERC have demonstrated, manufacturers thus far have concentrated their efforts on large-chassis products; the general population of TV manufacturers has not had the opportunity to devote their resources to integration of DTV tuners into the class of less expensive, small chassis products that is the subject of the existing July 1, 2007 mandate. CEA and CERC believe that experience with, and devotion of resources to, these classes of products is necessary before one can even begin to assess the feasibility of extending the tuner mandate requirements to products in which the displays may be only a few inches in size. There simply are no rules of thumb, at this time, to determine, *e.g.*, the feasibility and performance implications of including a DTV tuner in a handheld portable TV, or a black-and-white TV. Nor is there anything in the record to suggest a proper dividing line or conclusion.

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<sup>15</sup> A 5-inch black and white TV sells for under \$30 at some retail outlets.

**V. PRODUCTS WITH DIGITAL TUNERS ARE ALREADY ADVERTISED AND LABELED AS SUCH.**

Though not part of the FNPRM, the Commission in the same document observes that:

[I]t would further consumer awareness if manufacturers and retailers would provide point-of-sale and other marketing information to consumers and/or clearly label new television sets to indicate whether they can receive off-the-air DTV signals or only off-the-air analog signals. We believe that such efforts would result in more informed consumer choices about whether to buy DTV tuner equipped sets. We therefore encourage manufacturers and retailers to clearly label and identify the tuning capabilities of new TV sets and/or employ other means to disseminate to consumer information regarding whether or not specific models are able to receive off-the air digital television signals.<sup>16</sup>

This, in fact, is already being done. TV receivers with digital tuning capability are, by and large, clearly identified as such in advertising and point of display materials. The issue is not whether consumers are aware that this capability inheres in a product. Rather, the issue is whether consumers – given the uncertainty posed by an existing statutory regime for the end of analog broadcasting that will almost certainly never be activated in current form, and a different potential regime that has not yet been finalized – can possibly determine for themselves under what circumstances they will *need* a tuner for digital over the air signals.

**A. CEA And CERC Lead Extensive Consumer Education Programs Regarding The Digital Transition.**

As has been previously discussed in this Docket,<sup>17</sup> CEA runs extraordinary educational programs to ensure that consumers are fully informed about their DTV options. Information about these programs is available at [www.ce.org/hdtv](http://www.ce.org/hdtv). In June 2005, the National Association of Consumer Agency Administrators (NACAA) awarded CEA and the FCC its Achievement in

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<sup>16</sup> R&O and FNPRM at para. 19, footnote omitted.

<sup>17</sup> See Reply Comments of the Consumer Electronics Association, *In the Matter of Requirements for Digital Television Receiving Capability*, Notice of Proposed Rulemaking, ET Docket No. 05-24, FCC 05-17 (rel. Feb. 14, 2005) (“NPRM”), at 8.

Consumer Education (ACE) Award, in recognition of our joint DTV consumer education program: “Digital Television: Tomorrow’s TV Today”, which provides consumers with information about the digital transition. Most recently, CERC issued its own retail consumer guide, “What You Need to Know About the ‘DTV Transition’ – A Dozen Questions & Answers,” that focuses on the choices that consumers will have when analog broadcasting ends. This resource is available at [www.ceretailers.org](http://www.ceretailers.org).<sup>18</sup>

**B. CEA And CERC Have Endorsed A Requirement To Label Analog Televisions Once Congress Enacts A Hard Cut-Off Date, And Proposed The Text Of A Label.**

CEA and CERC have testified in Congressional hearings that each supports a requirement for a standard informative label once a “hard date” for the end of analog broadcasting has been enacted. Indeed, current draft legislation in the Senate and House includes labeling language. While CEA and CERC are supportive of a labeling requirement that is connected to a hard date, we urge the Commission to await the enactment of Congressional DTV legislation before proceeding with any labeling requirement. The Commission, thus, should take its direction from the Congress.

In terms of timing, manufacturers will need 120 to 180 days to include the labels on the product itself to incorporate this extra step into the manufacturing cycle. A period of 90 days would be required if the label is designed as a sticker placed on the outside of the product packaging. Any shorter notice period would mean that highly automated production lines would have to be stopped and re-organized at great cost, or else the labels would have to be added

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<sup>18</sup> The discussion of the variables and options currently facing consumers occupied *three pages* of printed text. CERC has offered publicly to revise the Guide if any inaccuracies or omissions are brought to its attention, or if there is any way to clarify it further. In CERC’s view, such clarifications depend largely on decisions as to issues that are still pending in the Congress.

manually at similarly great cost. Conversely, with enough advance notice to automate the labeling process, labeling is a much less significant cost.

CERC has said that the retailer obligation should be to display consumer advisory labels in the vicinity of sets with only analog tuners and in all web-based marketing – in each case with some variations according to the store arrangement and means of display. Additionally, CERC has indicated that its members plan to assist their customers with supplemental materials and to propose options to their customers targeted to the customer’s specific needs. In order to prevent screen damage upon removal by a consumer or retailer, consideration should be given to alternatives to placing the label “on the screen” so long as it is attached to the product as shipped.

CEA and CERC urge that any label language should be concise – otherwise, consumers may not read or understand it. CEA and the CERC recommend the following language:

“This TV has only an ‘analog’ broadcast tuner so will require a converter box after [date] to receive over-the-air broadcasts with an antenna, because of the transition to digital broadcasting on that date. (It will continue to work as before with cable and satellite TV systems, gaming consoles, VCRs, DVD players, and similar products.)”

## **VI. CONCLUSION**

For the reasons expressed herein, CEA and CERC believe that there is insufficient basis for the Commission to depart from the existing July 1, 2007 date pertaining to TV receivers with screen sizes of 13 to 24 inches. We urge that this date has been relied upon in the product and resource planning of manufacturers and in the merchandising and marketing plans of retailers. Furthermore, a change in this date to a date any earlier than March 1, 2007, would be not only unwarranted; it would be infeasible for the general population of TV receiver manufacturers.

With respect to new receivers with screen sizes less than 13 inches, CEA and CERC believe that experience is necessary with the small chassis products that currently are subject to

the Commission's tuner requirements before the feasibility can be determined regarding the inclusion of digital tuners in some of these products, which may be radically smaller and less expensive. At present, it appears that the cost and development burdens on manufacturers, and the impact on consumers, would outweigh any possible benefits.

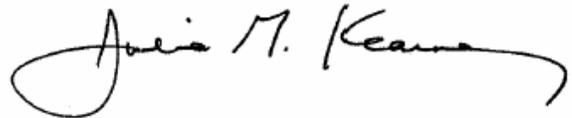
Respectfully submitted,



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